

MIDAS REGIONAL PLANNING COMMISSION

INDEPENDENT AUDITOR'S REPORTS
BASIC FINANCIAL STATEMENTS
AND SUPPLEMENTAL INFORMATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

JUNE 30, 2015

T. P. ANDERSON & COMPANY, P.C.
Certified Public Accountants

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T.P. ANDERSON & COMPANY, P.C.
CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

Independent Auditor's Report

To the Board of Directors of
MIDAS Regional Planning Commission:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities and each major fund of MIDAS Regional Planning Commission, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise MIDAS Regional Planning Commission's (Commission) basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the MIDAS Regional Planning Commission, as of June 30, 2015, and the respective changes in financial position and, where

applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 12 to the financial statements, MIDAS Regional Planning Commission adopted new accounting guidance related to the Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions-an Amendment of GASB Statement No. 27*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

U.S. generally accepted accounting principles require Management's Discussion and Analysis, the Schedule of the Commission's Proportionate Share of the Net Pension Liability, the Schedule of the Commission's Contributions and the Schedule of Funding Progress for the Retiree Health Plan on pages 4 through 9 and 34 through 39 to be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with U.S. generally accepted auditing standards, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the MIDAS Regional Planning Commission's basic financial statements. We previously audited, in accordance with the standards referred to in the third paragraph of this report, the financial statements for the nine years ended June 30, 2014 (which are not presented herein) and expressed unmodified opinions on those financial statements. The supplementary balance sheet – Dodger Area Rapid Transit and the Schedule of Expenditures of Federal Awards required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* included in Schedules 1 and 2 are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with U.S. generally accepted auditing standards. In our opinion, the supplementary information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 1, 2015, on our consideration of the MIDAS Regional Planning Commission's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Commission's internal control over financial reporting and compliance.

T.P. Anderson & Company, P.C.

December 1, 2015

MANAGEMENT'S DISCUSSION AND ANALYSIS

MIDAS Regional Planning Commission provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2015. We encourage readers to consider this information in conjunction with the Commission's financial statements, which follow.

2015 FINANCIAL HIGHLIGHTS

- Revenues of the Commission's government-wide activities increased 18%, or approximately \$490,000 from fiscal 2014 to fiscal 2015. The increase was mainly the result of grant funds used to finance the purchase of several new buses for the DART program received in fiscal year 2015 and not fiscal year 2014.
- Program expenses decreased 1%, or approximately \$15,000, in fiscal year 2015 from fiscal year 2014. The decrease was primarily a result of paying off long term debt in the previous fiscal year.
- The Commission's net position increased 20%, or approximately \$576,000, from June 30, 2014 to June 30, 2015. Of this amount, the net position of the governmental activities increased approximately \$35,000 and the net position of the business type activities increased approximately \$541,000.

USING THIS ANNUAL REPORT

The annual report consists of a series of financial statements and other information as follows:

Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the Commission's financial activities.

The Government-wide Financial Statement consists of a Statement of Net Position and Statement of Activities. These provide information about the activities of MIDAS Regional Planning Commission as a whole and present an overall view of the Commissions finances.

The Fund Financial Statements tell how governmental services were financed in the short term as well as what remains for future spending. Fund financial statements report the MIDAS Regional Planning Commission's operations in more detail than the government-wide statement by providing information about the most significant funds.

Notes to financial statements provide additional information essential to a full understanding of the data provided in the basic financial statements.

Required Supplementary Information further explains and supports the financial statements with the Commission's proportionate share of the ne pension liability and related contributions, as well as presenting the Schedule of Funding Progress for the Retiree Health Plan. MIDAS Regional Planning Commission is not required to present budgetary comparison information because the Commission is not required by the Code of Iowa to adopt a legally binding budget.

Supplementary Information provides a supplemental Balance Sheet for the DART bus operation, managed for the City of Fort Dodge. In addition, the Schedule of Expenditures of Federal Awards provides details of various federal programs benefiting MIDAS Regional Planning Commission.

REPORTING THE COMMISSION'S FINANCIAL ACTIVITIES

Government-wide Financial Statement

One of the most important questions asked about the Commission's finances is, "Is the Commission as a whole better off or worse off as a result of the year's activities?" The Statement of Net Position and Statement of Activities report information which helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting and the economic resources measurement focus, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account, regardless of when cash is received or paid.

The Statement of Net Position presents the Commission's assets and liabilities, with the difference between the two reported as "net position". Over time, increases or decreases in the Commission's net position may serve as a useful indicator of whether the financial position of the Commission is improving or deteriorating.

The Statement of Activities presents information showing how the Commission's net position changed during the most recent fiscal year. All changes in net position are reported when the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will not result in cash flows until future fiscal periods.

The Statement of Net Position and the Statement of Activities report two kinds of activities:

- Governmental activities include regional planning assistance, grant writing and revolving loan administration along with other assistance provided on an as needed basis. State and federal grants finance most of these activities.
- Business type activities include bus operations in Fort Dodge, Humboldt, Webster City, Manson, Pocahontas, Clarion, and other locations for member communities. These activities are financed primarily by user charges.

Fund Financial Statements

The Commission has two kinds of funds:

1) The Commission's governmental fund accounts for the Commission's basic services. It focuses on how money flows into and out of this fund, and the balances left at year-end that are available for spending. The governmental fund is the General Fund. This fund is reported using the current financial resources measurement focus and the modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund financial statements provide a detailed, short-term view of the Commission's general governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the Commission's services.

The required financial statements for governmental funds include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances.

2) The Commission's proprietary fund accounts for its transit operations. This fund reports services for which the Commission charges customers for the services it provides. Proprietary funds are reported in the same way all activities are reported in the Statement of Net Position and the Statement of Activities. The major difference between the proprietary funds and the business-type activities included in the

government-wide statements is the detail and additional information, such as cash flows, provided in the proprietary fund statements.

The required financial statements for proprietary funds include a Statement of Net Position, a Statement of Revenues, Expenses and Changes in Fund Net Position and a Statement of Cash Flows.

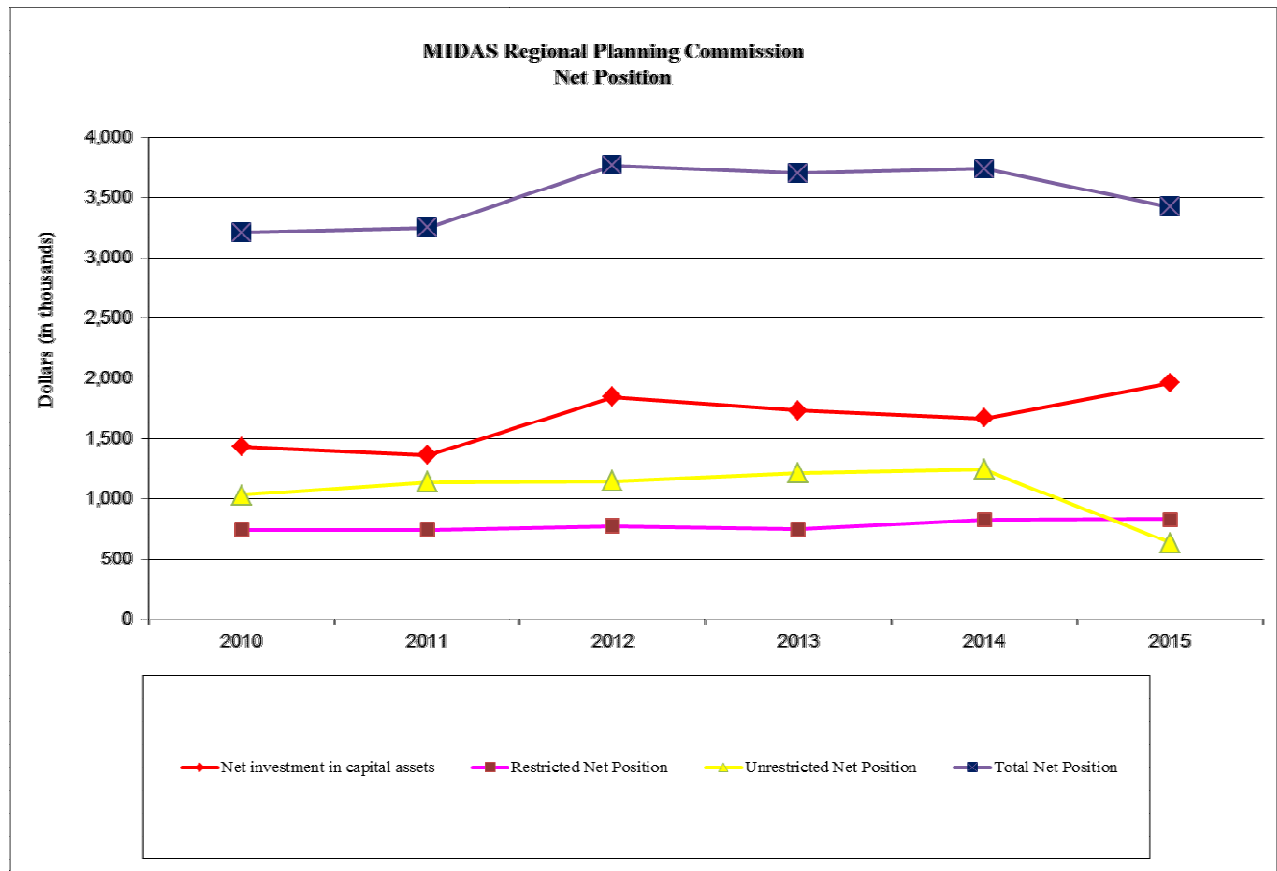
Reconciliations between the government-wide financial statements and the fund financial statements follow the governmental fund financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of financial position. The analysis that follows focuses on the changes in the net position for governmental and business type activities in total.

Net Position of Government-Wide Activities (Expressed in Thousands)		
	Year ended June 30,	
	2015	2014 (not restated)
Current and other assets	\$ 2,512	2,276
Capital assets	1,956	1,671
Total assets	4,468	3,947
Deferred outflows of resources	144	-
Long-term debt outstanding	733	18
Other liabilities	156	158
Total liabilities	889	176
Deferred inflows of resources	301	-
Net position:		
Net investment in capital assets	1,956	1,671
Restricted	832	824
Unrestricted	634	1,276
Total net position	\$ 3,422	3,771

Net position of governmental activities increased approximately \$34,000 or 2% over fiscal year 2014 restated amount. Net position of business type activities increased approximately \$541,000, or 44%, over fiscal year 2014 restated amount. The largest portion of the Commission's net position is invested in capital assets. Restricted net position represents resources subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. Unrestricted net position, the part of the net position that can be used to finance day-to-day operations without constraints established by debt covenants, legislation or other legal requirements, is approximately \$641,000 at the end of this year.



The Governmental Accounting Standards Board Statement No. 68, Accounting and Financial Reporting for Pensions – an Amendment of GASB No. 27 was implemented during fiscal year 2015. The beginning net position for governmental activities and business-type activities were restated \$162,740 and \$762,566, respectively, to retroactively report the net pension liability as of June 30, 2013 and deferred outflows of resources related to contributions made after June 30, 2013 but prior to July 1, 2014. The financial statement amounts for fiscal year 2014 net pension liabilities, pension expense, deferred outflows of resources and deferred inflows of resources were not restated because the information was not available. In the past pension expense was the amount of the employer contributions. Current reporting provides a more comprehensive measure of pension expense which is more reflective of the amounts employees earned during the year.

Changes in Net Position of Government-Wide Activities (Expressed in Thousands)		
	Year ended June 30,	
	2015	2014 (not restated)
Revenues:		
Program revenues:		
Charges for service	\$ 715	782
Operating grants, contributions and restricted interest	1,502	1,496
Capital grants, contributions and restricted interest	625	104
General revenues:		
Dues and local tax support	418	414

Unrestricted investment earnings	33	9
Other general revenues	5	1
Total revenues	<u>\$ 3,298</u>	<u>2,806</u>
Program expenses:		
Planning	340	400
Transit operations	<u>2,382</u>	<u>2,337</u>
Total expenses	<u>2,722</u>	<u>2,737</u>
Increase (decrease) in net position	576	69
Net position beginning of year	<u>2,846</u>	<u>3,702</u>
Net position end of year	<u><u>\$ 3,422</u></u>	<u><u>\$ 3,771</u></u>

The cost of all activities this year was \$2.72 million compared to \$2.74 million last year. All of these costs were financed by those who directly benefited from the programs and grants. Overall, the Commission's revenues, including intergovernmental aid and fees for services increased in 2015 from approximately \$2.8 million to \$3.3 million. This increase was due mainly to grant funds received in the year ended June 30, 2015 to finance the purchase of new buses under the DART program that were not received in fiscal year-end 2014.

INDIVIDUAL MAJOR FUND ANALYSIS

As the Commission completed the year, its governmental funds reported a fund balance of \$1.61 million. The fund balance decreased slightly from the prior year ending net position of \$1.62 million.

The Commission's proprietary fund reported net position at the end of the year of \$1.76 million, an increase from 2014 of approximately \$541,000. The increase in net position during the year primarily resulted from the increase in state and federal capital grants received during the year.

CAPTIAL ASSETS

At June 30, 2015, the MIDAS Regional Planning Commission had approximately \$5.4 million invested in a broad range of capital assets, including buildings, buses and equipment. This is a net increase (including additions and deletions) of approximately \$400,000 or 8%.

Capital Assets of Governmental and Business-Type Activities at Year End (Expressed in Thousands)		
	June 30,	
	2015	2014
Land and buildings	\$ 1,893	\$ 1,540
Equipment	966	954
Vehicles	2,576	2,505
Construction-in-Progress	-	32
Total	<u>\$ 5,435</u>	<u>\$ 5,031</u>

Major Additions Included (expressed in thousands):

Buses	\$ 159	57
Software and security cameras	33	56
Building additions	353	32
Total	<u>\$ 545</u>	<u>145</u>

The Commission had depreciation expense of \$227,000 in fiscal year 2015 and total accumulated depreciation of \$3,478,898 at June 30, 2015.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The MIDAS Council of Government's Executive Committee (with input from local elected officials and citizens) considered various factors when setting the fiscal year 2016 budget and fees that will be charged for agency activities. MIDAS planning and general administration revenue is expected to tighten as compared with the previous year. Federal and state capital and operating grants are expected to further tighten moving forward due to federal budget concerns.

CONTACTING THE COMMISSION'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the MIDAS Regional Planning Commission's finances and to show the Commission's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact the MIDAS Regional Planning Commission, 602 1st Avenue South, Fort Dodge, Iowa 50501.

Basic Financial Statements

MIDAS REGIONAL PLANNING COMMISSION

STATEMENT OF NET POSITION

June 30, 2015

	Governmental Activities	Business-type Activities	Total
Assets			
Cash	\$ 891,150	755,227	1,646,377
Accounts receivable			
IDOT	78,882	-	78,882
Transit	-	84,538	84,538
Prepaid expenses	3,315	700	4,015
Notes receivable	697,472	-	697,472
Capital assets, net of accumulated depreciation	187,550	1,768,671	1,956,221
Total assets	<u>1,858,369</u>	<u>2,609,136</u>	<u>4,467,505</u>
Deferred Outflows of Resources			
Pension related deferred outflows	<u>24,560</u>	<u>119,496</u>	<u>144,056</u>
Liabilities			
Accounts payable	3,011	32,021	35,032
Accrued payroll and payroll tax	16,520	55,095	71,615
Accrued vacation	6,589	42,426	49,015
Noncurrent liabilities			
Due in more than one year:			
Net pension liability	124,810	584,851	709,661
OPEB liability	23,883	-	23,883
Total liabilities	<u>174,813</u>	<u>714,393</u>	<u>889,206</u>
Deferred Inflows of Resources			
Pension related deferred inflows	<u>52,895</u>	<u>247,862</u>	<u>300,757</u>
Net Position			
Net investment in capital assets	187,550	1,768,671	1,956,221
Restricted for:			
EDA-RLF program	481,580	-	481,580
MIDAS Housing-RLF	350,000	-	350,000
Unrestricted	636,091	(2,294)	633,797
Total net position	<u>\$ 1,655,221</u>	<u>1,766,377</u>	<u>3,421,598</u>

See Notes to Financial Statements

MIDAS REGIONAL PLANNING COMMISSION

Exhibit BSTATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2015

	Expenses	Program Revenues			Governmental Activities	Business Type Activities	Total
		Charges for Service	Operating Grants	Capital Grants			
Functional/Program Activities							
Governmental Activities							
Administration	\$ 339,919	74,346	185,967	-	(79,606)	-	(79,606)
Business-type activities							
Transit system	2,382,219	640,886	1,316,178	624,533	-	199,378	199,378
	<u>2,722,138</u>	<u>715,232</u>	<u>1,502,145</u>	<u>624,533</u>	<u>(79,606)</u>	<u>199,378</u>	<u>119,772</u>
General Revenues							
Local tax support					81,518	336,167	417,685
Interest income					32,509	660	33,169
Sale of assets					-	4,826	4,826
					<u>114,027</u>	<u>341,653</u>	<u>455,680</u>
Total general revenues and transfers					114,027	341,653	455,680
Change in net position					34,421	541,031	575,452
Net position beginning of year, as restated					<u>1,620,800</u>	<u>1,225,346</u>	<u>2,846,146</u>
Net position end of year					<u>1,655,221</u>	<u>1,766,377</u>	<u>3,421,598</u>

See Notes to Financial Statements

MIDAS REGIONAL PLANNING COMMISSION

BALANCE SHEET
GOVERNMENTAL FUND
JUNE 30, 2015

Assets	
Cash	\$ 891,150
Accounts receivable	78,882
Prepaid expenses	3,315
Notes receivable	697,472
Total assets	<u>1,670,819</u>
Liabilities	
Accounts payable	3,011
Accrued payroll and payroll taxes	16,520
Total liabilities	<u>19,531</u>
Deferred inflows of resources	
CDBG administration fees	<u>44,565</u>
Fund Balances	
Nonspendable:	
Notes receivable	697,472
Prepaid expenses	3,315
Restricted for:	
EDA-RLF program	150,614
Committed for:	
MIDAS Housing-RLF	541,208
Unreserved	214,114
Total fund balances	<u>1,606,723</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 1,670,819</u>

See Notes to Financial Statements

MIDAS REGIONAL PLANNING COMMISSION
 RECONCILIATION OF THE BALANCE SHEET -
 GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION
 JUNE 30, 2015

Total governmental fund balances (page 12)	\$ 1,606,723
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds. The cost of assets is \$298,749 and the accumulated depreciation is \$111,199.	187,550
Other assets are not available to pay current year expenditures and, therefore are recognized as deferred inflows of resources in the governmental fund.	44,565
Pension related deferred outflows of resources and deferred inflows of resources are not due and payable in the current year and, therefore, are not reported in the governmental funds, as follows:	
Deferred outflows of resources	\$ 24,560
Deferred inflows of resources	(52,895)
	<u>(28,335)</u>
Long-term liabilities including bonds payable, compensated absences payable, other post employment benefits payable and net pension liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds.	<u>(155,282)</u>
Net position of governmental activities	<u><u>\$ 1,655,221</u></u>

See Notes to Financial Statements

MIDAS REGIONAL PLANNING COMMISSION

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - GOVERNMENTAL FUND
YEAR ENDED JUNE 30, 2015

Revenue	
State and federal grants	\$ 185,967
Local participation	81,518
Interest income	32,509
CDBG administration	29,781
Total revenue	<u>329,775</u>
Expenditures	
Administration:	
Planning	128,048
CDBG	36,228
Housing RLF	13,667
MAP-21	72,508
EDA/RLF	5,456
Hazard mitigation	50,797
IDED COG assistance	8,978
Miscellaneous contracts	29,866
Total expenditures	<u>345,548</u>
Excess of revenue under expenditures	(15,773)
Fund balance, beginning of year	<u>1,622,496</u>
Fund balance, end of year	<u><u>\$ 1,606,723</u></u>

MIDAS REGIONAL PLANNING COMMISSION
 RECONCILIATION of the STATEMENT OF REVENUES, EXPENDITURES
 and CHANGES IN FUND BALANCES-
 GOVERNMENTAL FUNDS to the STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2015

Net change in fund balance - Total governmental fund (page 14) \$ (15,773)

Amounts reported for governmental activities in the Statement of Activities are difference because:

Governmental funds report capital outlays as expenditures while governmental activities report depreciation/amortization expense to allocate those expenditures over the life of the assets. Capital outlay expenditures exceeded depreciation/amortization expense in the current year, as follows:

Expenditures for capital assets	\$ 8,443	
Depreciation/amortization expense	<u>(6,241)</u>	2,202

Because some revenues will not be collected for several months after the Commission's year end, they are not considered available revenues and are recognized as deferred inflows of resources in the governmental fund.	44,565
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The current year City employer share of IPERS contributions are reported as expenditures in the governmental funds, but are reported as a deferred outflow of resources in the Statement of Net Position.	17,695
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Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds, as follows:

Compensated absences	(501)	
Other postemployment benefits	(6,002)	
Pension expense	<u>(7,765)</u>	<u>(14,268)</u>

Change in net position of governmental fund	<u><u>\$ 34,421</u></u>
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MIDAS REGIONAL PLANNING COMMISSION

STATEMENT OF NET POSITION
 PROPRIETARY FUND
 JUNE 30, 2015

Assets	
Current assets	
Cash	\$ 755,227
Accounts receivable	84,538
Prepaid expenses	700
Total current assets	<u>840,465</u>
Non-current assets	
Capital assets	
RTA building, transportation and other equipment	5,136,371
Less: accumulated depreciation	<u>(3,367,700)</u>
Total non-current assets	<u>1,768,671</u>
Total assets	<u>2,609,136</u>
Deferred Outflows of Resources	
Pension related deferred outflows	<u>119,496</u>
Liabilities	
Current liabilities	
Accounts payable	32,021
Accrued payroll and payroll taxes	55,095
Accrued vacation	42,426
Total current liabilities	<u>129,542</u>
Non-current liabilities	
Net pension liability	<u>584,851</u>
Total liabilities	<u>714,393</u>
Deferred Inflows of Resources	
Unavailable Revenues	
Pension related deferred inflows	<u>247,862</u>
Net Position	
Net investment in capital assets	1,768,671
Unrestricted	<u>(2,294)</u>
Total net position	<u><u>\$ 1,766,377</u></u>

See Notes to Financial Statements

MIDAS REGIONAL PLANNING COMMISSION

STATEMENT OF REVENUES, EXPENSES AND
CHANGE IN FUND NET POSITION - PROPRIETARY FUND
YEAR ENDED JUNE 30, 2015

Operating Revenues:	
Fare income	640,886
State and federal grants	1,940,711
Local participation	<u>336,167</u>
Total operating revenues	2,917,764
Operating Expenses:	
Payroll expenses	1,131,456
Transit assistance to providers	72,828
Facility operations	37,938
Vehicle expenses	365,622
Insurance expenses	202,441
Administrative expenses	95,009
Memberships	4,931
Travel	7,991
Employee recruitment training	12,769
Depreciation	220,987
Miscellaneous	45,505
DART bus purchases	<u>184,742</u>
Total operating expenses	2,382,219
Operating income	535,545
Non-Operating Revenues:	
Gain from sale/dispositions of fixed assets	4,826
Interest income	<u>660</u>
Total non-operating revenues	<u>5,486</u>
Change in net position	541,031
Net position beginning of year, as restated	<u>1,225,346</u>
Net position end of year	<u><u>\$ 1,766,377</u></u>

MIDAS REGIONAL PLANNING COMMISSION

STATEMENT OF CASH FLOWS -
 PROPRIETARY FUND
 YEAR ENDED JUNE 30, 2015

Cash flows from Operating Activities:	
Receipts from customers	\$ 977,053
Operating and capital grants	1,986,136
Payments to suppliers	(1,039,261)
Payments to employees	<u>(1,180,575)</u>
Net cash flow from operating activities	<u>743,352</u>
Cash flows from capital and related financing activities:	
Acquisition of capital assets	(504,697)
Proceeds from sale of equipment	<u>5,077</u>
Net cash used by capital and related financing activities	<u>(499,620)</u>
Cash flows from investing activities	
Interest	<u>660</u>
Net increase in cash	244,393
Cash, beginning of year	<u>510,834</u>
Cash, end of year	<u><u>\$ 755,227</u></u>

MIDAS REGIONAL PLANNING COMMISSION

STATEMENT OF CASH FLOWS -
 PROPRIETARY FUND
 YEAR ENDED JUNE 30, 2015

Reconciliation of Operating Income to Net Cash Flow From
 Operating Activities:

Operating income	\$ 535,545
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	220,987
Decrease in accounts receivable	45,425
Decrease in accounts payable	(9,486)
Increase in accrued expenses	230
Decrease in net pension liability	(263,887)
Increase in deferred outflows	(33,324)
Increase in deferred inflows	247,862
	<hr/>
Net cash flow from operating activities	<u><u>\$ 743,352</u></u>

MIDAS REGIONAL PLANNING COMMISSION

NOTES TO FINANCIAL STATEMENTS

June 30, 2015

(1) Nature of Organization

Mid-Iowa Development Association Council of Governments (MIDAS) Regional Planning Commission (Commission) is the regional planning and intergovernmental coordination commission organized under Chapter 473A and Chapter 28E, Iowa Code, in 1971. MIDAS is the regional planning and coordination commission for Calhoun, Hamilton, Humboldt, Pocahontas, Webster and Wright Counties of Iowa. The Commission does not have stockholders or equity holders and it is not subject to income taxes. The Commission is not required to legally adopt an annual operating budget.

The Commission's financial statements are prepared in conformity with U.S. generally accepted accounting principles (GAAP) as prescribed by the Governmental Accounting Standards Board.

(2) Significant Accounting Policies

A. Reporting Entity

For financial reporting purposes, the Commission has included all funds, organizations, agencies, boards, commissions and authorities. The Commission has also considered all potential component units for which it is financially accountable, and other organizations for which the nature and significance of their relationships with the Commission are such that exclusion would cause the Commission's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria including appointing a voting majority of an organization's governing body and (1) the ability of the Commission to impose its will on that organization or (2) the potential for the organization to provide specific benefits to or impose specific financial burdens on the Commission. The Commission has no component units which meet the Governmental Accounting Standards Board criteria.

B. Basis of Presentation

Government-wide Financial Statements – The Statement of Net Position and the Statement of Activities report information on all the nonfiduciary activities of the Commission. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which are supported by local tax support and intergovernmental revenues, are reported separately from business type activities, which rely to a significant extent on fees and charges for services.

The Statement of Net Position presents the Commission's nonfiduciary assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference reported as net position. Net position is reported in the following categories:

Net investment in capital assets consists of capital assets, net accumulated depreciation and reduced by outstanding balances for bonds, notes and other debt attributable to the acquisition, construction or improvement of those assets.

Restricted net position result when constraints placed on net position use are either externally imposed or imposed by law through constitutional provisions or enabling legislation. Enabling legislation did not result in any restricted net position.

MIDAS REGIONAL PLANNING COMMISSION

NOTES TO FINANCIAL STATEMENTS

June 30, 2015

Unrestricted net position consists of net position that does not meet the definition of the preceding categories. Unrestricted net positions often have constraints on resources imposed by management, which can be removed or modified.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function and 2) grants and contributions restricted to meeting the operational or capital requirements of a particular function. Other revenues not properly included among program receipts are reported instead as general revenues.

Fund Financial Statements – Separate financial statements are provided for the governmental fund and the proprietary fund.

The Commission reports the following major governmental fund:

The General Fund is the main operating fund of the Commission. All general tax support and other revenues not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating expenditures, the fixed charges and the capital improvement costs that are not paid from the other fund.

The Commission reports the following major enterprise fund:

The busing operation (including DART, RTA, and Jefferson Lines) is the enterprise fund of the Commission. All bus fares, operating grants, capital grants and miscellaneous revenues generated by and for the transit operations are accounted for in this fund. This fund pays all expenses necessary to operate the transit authority.

C. Measurement Focus and Basis of Accounting

The government-wide and proprietary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when they occur and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been satisfied.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current year or soon enough thereafter to pay liabilities of the current year. For this purpose, the Commission considers revenues to be available if they are collected within 60 days after year end.

Local tax support/dues and intergovernmental revenues (shared revenues, grants and reimbursements from other governments) and interest are considered to be susceptible to accrual. All other revenue items are considered to be measurable and available only when cash is received by the Commission.

MIDAS REGIONAL PLANNING COMMISSION

NOTES TO FINANCIAL STATEMENTS

June 30, 2015

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, principal and interest on long-term debt, claims and judgments and compensated absences are recorded as expenditures only when payment is due. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

When an expenditure is incurred in governmental funds which can be paid using either restricted or unrestricted resources, the Commission's policy is to pay the expenditure from restricted fund balance and then from less-restrictive classifications – committed, assigned and then unassigned fund balance.

Under terms of grant agreements, the Commission funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net positions available to finance the program. It is the Commission's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants and then by general revenues.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the proprietary funds are transit fares and the principal operating expenses include payroll, vehicle insurance and other transit expenses. All revenue and expenses not meeting this definition are reported as non-operating revenues and expenses.

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Fund Equity

The following accounting policies are followed in preparing the balance sheet:

Cash, Pooled Investments and Cash Equivalents – The cash balances of most Commission funds are pooled and invested. Interest earned on investments is recorded in the General Fund, unless otherwise provided by law. Invested cash is stated at cost, which approximates fair value. For purposes of the statement of Cash Flows, all short-term cash investments that are highly liquid are considered to be cash equivalents. Cash equivalents are readily converted to known amounts of cash and, at the day of purchase, have a maturity date no longer than three months.

Accounts Receivable – The Commission utilizes the allowance method for accounting for bad debts. Management uses its judgment based primarily on the length of time specific accounts have been outstanding in determining the allowance for doubtful accounts and related accounts receivable write offs. At June 30, 2015, the Governmental Activities and Business-Type Activities had \$37,414 and \$1,330 of their accounts receivable that were older than 90 days. These amounts were associated with 6 and 51 customers respectively. At June 30, 2015 the allowance for doubtful accounts had balances of \$9,000 and \$2,000 for the Governmental Fund and Business-Type Activities respectively. The Commission assesses a finance charge of 1.5% per month on past due charges for busing services.

Capital Assets – Capital assets, which include property, equipment and vehicles, are reported in the governmental and business-type activities' columns in the government-wide Statement of Net

MIDAS REGIONAL PLANNING COMMISSION

NOTES TO FINANCIAL STATEMENTS

June 30, 2015

Position and in the Proprietary Funds Statement of Net Position. Capital assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at estimated market value at the date of donation. The costs of normal maintenance and repair that do not add to the value of the asset or materially extend lives are not capitalized.

Capital assets of the Commission are depreciated using the straight line method over the following estimated useful lives:

Asset Class	Estimated Useful Lives
Buildings	40 years
Improvements other than buildings	15 years
Buses	4 years
Equipment and software	3-10 years

Deferred Outflows of Resources – Deferred outflows of resources represent a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (expense/expenditure) until then. Deferred outflows of resources consist of unrecognized items not yet charged to pension expense and contributions from the employer after the measurement date but before the end of the employer's reporting period.

Compensated Absences – Commission employees accumulate a limited amount of earned but unused vacation and sick leave hours for subsequent use. Earned and unused vacation may be paid upon termination, death or retirement. A liability is recorded when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental fund financial statements only for employees who have resigned or retired. The compensated absences liability has been computed based on rates of pay in effect at July 1, 2015.

Long-term liabilities – In the government-wide and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental or business type activities column in the Statement of Net Position and the proprietary fund Statement of Net Position.

In the governmental fund financial statements, the face amount of debt issued is reported as other financing sources. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as expenditures.

Pensions – For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Iowa Public Employees' Retirement System (IPERS) and additions to/deductions from IPERS' fiduciary net position have been determined on the same basis as they are reported by IPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Deferred Inflows of Resources – Deferred inflows of resources represent an acquisition of net position that applies to future period(s) and will not be recognized as an inflow of resources

MIDAS REGIONAL PLANNING COMMISSION

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(revenue) until that time. Although certain revenues are measurable, they are not available. Available means collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred inflows of resources in the governmental fund financial statements represent the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred inflows of resources consist of administration fees not collected within sixty days after year end.

Deferred inflows of resources in the Statement of Net Position consist of the unamortized portion of the net difference between projected and actual earnings on pension plan investments

Fund Equity – In the governmental fund financial statements, fund balances are classified as follows:

Nonspendable – Amounts which cannot be spent because they are in a nonspendable form or because they are legally or contractually required to be maintained intact.

Restricted – Amounts restricted to specific purposes when constraints placed on the use of the resources are either externally imposed by creditors, grantors or state or federal laws or are imposed by law through constitutional provisions or enabling legislation.

Committed - Amounts which can be used only for specific purposes pursuant to constraints formally imposed by the Board of Directors through ordinance or resolution approved prior to year end. Committed amounts cannot be used for any other purpose unless the Board of Directors removes or changes the specified use by taking the same action it employed to commit those amounts.

Assigned – Amounts the Board of Directors intend to use for specific purposes.

Unassigned – All amounts not included in other classifications.

E. Use of Estimates

Preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

F. Subsequent Events

Management has evaluated events and transactions for potential recognition or disclosure through December 1, 2015, the date the financial statements were issued.

(3) **Cash, Cash Equivalents and Pooled Investments**

MIDAS REGIONAL PLANNING COMMISSION

NOTES TO FINANCIAL STATEMENTS

June 30, 2015

The Commission's deposits at June 30, 2015 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

The Commission is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the Board of Directors; prime eligible bankers' acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; and certain joint investment trusts and warrants or improvement certificates of a drainage district. The Commission had no investments meeting the disclosure requirements of Governmental Accounting Standards Board Statement No. 3, as amended by Statement No. 40.

Interest rate risk – The Commission's investment policy limits the investment of operating funds (funds expected to be expended in the current budget year or within 15 months of receipts) in instruments that mature within 397 days. Funds not identified as operating funds may be invested in investments with maturities longer than 397 days but the maturities shall be consistent with the needs and use of the Commission.

(4) Capital Assets

A summary of changes in property and equipment the year ended June 30, 2015 is as follows:

	Balance Beginning of Year	Additions	Deletions	Balance End of Year
Governmental and business-type activities:				
Capital assets not being depreciated/amortized				
Land	\$ 78,853	-	-	78,853
Construction in progress	31,700	-	31,700	-
	<u>\$ 110,553</u>	<u>-</u>	<u>31,700</u>	<u>78,853</u>
Capital assets being depreciated/amortized				
Building	\$ 1,461,536	352,425	-	1,813,961
Vehicles	2,504,620	180,660	108,901	2,576,379
Equipment	954,171	11,755	-	965,926
	<u>\$ 4,920,327</u>	<u>544,840</u>	<u>140,601</u>	<u>5,356,266</u>
Less accumulated depreciation/amortization for:				
Building	340,576	44,329	-	384,905
Equipment and vehicles	3,019,745	182,899	108,651	3,093,993
Total accumulated depreciation/amortization	<u>3,360,321</u>	<u>227,228</u>	<u>108,651</u>	<u>3,478,898</u>
Total capital assets being depreciated/amortized net	<u>1,560,006</u>			<u>1,877,368</u>
Capital Assets, net of accumulated depreciation	<u>\$ 1,670,559</u>			<u>1,956,221</u>

Depreciation/amortization expense of \$6,241 and \$220,987 was charged to the planning activities and the transit operations respectively for the year ended June 30, 2015.

(5) Restricted Net Position - Notes Receivable

MIDAS REGIONAL PLANNING COMMISSION

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The Commission administers a revolving loan fund, known as the EDA-RLF, which provides financing for local businesses. Loans are subject to guidelines provided by the federal granting commission and must stimulate the local economy and encourage job creation. The initial funds were provided through a grant from the U.S. Department of Commerce, Economic Development Administration, supplemented by a local match from various regional sources. The fund has a portfolio of loans totaling \$318,966, net of an allowance for uncollectable notes of \$12,000, and a cash balance of \$150,614 at June 30, 2015. The total loans and cash balance maintained for this program is restricted to make additional business loans in the future.

The Commission also administers the MIDAS Housing Revolving Loan Fund (MIDAS HRLF). This program was originally funded with State LHAP and Federal HIRE grant funds and has a portfolio of loans totaling \$378,506 and a cash balance of \$541,208 at June 30, 2015. The fund balance for this program has been committed by the Board of Directors to the housing program.

Interest received on loans advanced under the EDA-RLF program can be up to five percentage points under the current prime rate, but in no case less than a base of four percent. The interest rates applied to the MIDAS HRLF varies as deemed appropriate to facilitate a project. The current proforma target is 4%, but may vary if desired by the loan review committee to better meet the needs of the proposed project.

(6) Operating Lease

MIDAS Regional Planning Commission has entered into an agreement to lease equipment from the City of Fort Dodge. MIDAS Regional Planning Commission is to assume all operating expenses and insurance requirements for the equipment. The term of this lease shall be for a period to include the useful life of the equipment as estimated by the Federal Transit Administration and the Iowa Department of Transportation. At the end of the equipment's useful life, the title and ownership may be transferred to MIDAS Regional Planning Commission for disposition in accordance with IDOT equipment disposition regulations. Payments are \$1 per year.

MIDAS Regional Planning Commission has entered into an operating lease to rent occupied premises in Humboldt, Iowa for \$575 per month. The lease term expires in November 2017. Rent paid for the year ended June 30, 2015 was \$6,900.

MIDAS Regional Planning Commission has entered into an operating lease to rent occupied premises in Pocahontas, Iowa for \$125 per month. Rent paid for the year ended June 30, 2015 was \$1,500. The lease term expired June 30, 2015.

Future minimum lease payments due on the above operating leases are as follows:

Years Ending June 30:	
2016	\$ 6,901
2017	6,901
2018	2,876
	<hr/>
	\$ 18,753

Rent expense for the year ended June 30, 2015 totaled \$8,400.

MIDAS REGIONAL PLANNING COMMISSION

NOTES TO FINANCIAL STATEMENTS

June 30, 2015

(7) Pension and Retirement Benefits

Plan Description – IPERS membership is mandatory for employees of the Commission, except for those covered by another retirement system. Employees of the Commission are provided with pensions through a cost-sharing multiple employer defined benefit pension plan administered by Iowa Public Employees' Retirement System (IPERS). IPERS issues a stand-alone financial report which is available to the public by mail at 7401 Register Drive P.O. Box 9117, Des Moines, Iowa 50306-9117 or at www.ipers.org.

IPERS benefits are established under Iowa Code chapter 97B and the administrative rules thereunder. Chapter 97B and the administrative rules are the official plan documents. The following brief description is provided for general informational purposes only. Refer to the plan documents for more information

Pension Benefits – A regular member may retire at normal retirement age and receive monthly benefits without an early-retirement reduction. Normal retirement age is age 65, anytime after reaching age 62 with 20 or more years of covered employment, or when the member's years of service plus the member's age at the last birthday equals or exceeds 88, whichever comes first. (These qualifications must be met on the member's first month of entitlement to benefits.) Members cannot begin receiving retirement benefits before age 55. The formula used to calculate a Regular member's monthly IPERS benefit includes:

- A multiplier (based on years of service).
- The member's highest five-year average salary. (For members with service before June 30, 2012, the highest three-year average salary as of that date will be used if it is greater than the highest five-year average salary.)

If a member retires before normal retirement age, the member's monthly retirement benefit will be permanently reduced by an early-retirement reduction. The early-retirement reduction is calculated differently for service earned before and after July 1, 2012. For service earned before July 1, 2012, the reduction is 0.25 percent for each month that the member receives benefits before the member's earliest normal retirement age. For service earned starting July 1, 2012, the reduction is 0.50 percent for each month that the member receives benefits before age 65.

Generally, once a member selects a benefit option, a monthly benefit is calculated and remains the same for the rest of the member's lifetime. However, to combat the effects of inflation, retirees who began receiving benefits prior to July 1990 receive a guaranteed dividend with their regular November benefit payments.

Disability and Death Benefits - A vested member who is awarded federal Social Security disability or Railroad Retirement disability benefits is eligible to claim IPERS benefits regardless of age. Disability benefits are not reduced for early retirement. If a member dies before retirement, the member's beneficiary will receive a lifetime annuity or a lump-sum payment equal to the present actuarial value of the member's accrued benefit or calculated with a set formula, whichever is greater. When a member dies after retirement, death benefits depend on the benefit option the member selected at retirement.

MIDAS REGIONAL PLANNING COMMISSION

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June 30, 2015

Contributions - Effective July 1, 2012, as a result of a 2010 law change, the contribution rates are established by IPERS following the annual actuarial valuation, which applies IPERS' Contribution Rate Funding Policy and Actuarial Amortization Method. Statute limits the amount rates can increase or decrease each year to 1 percentage point. IPERS Contribution Rate Funding Policy requires that the actuarial contribution rate be determined using the "entry age normal" actuarial cost method and the actuarial assumptions and methods approved by the IPERS Investment Board. The actuarial contribution rate covers normal cost plus the unfunded actuarial liability payment based on a 30-year amortization period. The payment to amortize the unfunded actuarial liability is determined as a level percentage of payroll, based on the Actuarial Amortization Method adopted by the Investment Board.

In fiscal year 2015, pursuant to the required rate, Regular members contributed 5.95 percent of pay and the Commission contributed 8.93 percent for a total rate of 14.88 percent.

The Commission's total contributions to IPERS for the year ended June 30, 2015 were \$105,024.

Net Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At June 30, 2015, the Commission reported a liability of \$709,661 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Commission's proportion of the net pension liability was based on the Commission's share of contributions to the pension plan relative to the contributions of all IPERS participating employers. At June 30, 2014, the Commission's collective proportion was .0178940 percent which was a decrease of .000043 percent from its proportion measured as of June 30, 2013.

For the year ended June 30, 2015, the Commission recognized pension expense of \$46,085. At June 30, 2015, the Commission reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 7,713	\$ -
Changes of assumptions	31,319	-
Net difference between projected and actual earnings on pension plan investments	-	270,644
Changes in proportion and differences between Commission contributions and proportionate share of contributions	-	30,113
Commission contributions subsequent to the measurement date	105,024	-
Total	\$ 144,056	\$ 300,757

MIDAS REGIONAL PLANNING COMMISSION

NOTES TO FINANCIAL STATEMENTS

June 30, 2015

\$105,024 reported as deferred outflows of resources related to pensions resulting from the Commission contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30,	Total
2016	\$ (66,070)
2017	(66,070)
2018	(66,069)
2019	(66,069)
2020	2,553
	<u>\$ (261,725)</u>

There were no non-employer contributing entities at IPERS.

Actuarial Assumptions - The total pension liability in the June 30, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Rate of inflation (effective June 30, 2014)	3.00 percent per annum
Rates of salary increase (effective June 30, 2010)	4.00 to 17.00 percent, average, including inflation. Rates vary by membership group.
Long-term Investment rate of return (effective June 30, 1996)	7.50 percent, compounded annually, net of investment expense, including inflation

The actuarial assumptions used in the June 30, 2014 valuation were based on the results of actuarial experience studies with dates corresponding to those listed above.

Mortality rates were based on the RP-2000 Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale AA.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

MIDAS REGIONAL PLANNING COMMISSION

NOTES TO FINANCIAL STATEMENTS

June 30, 2015

<u>Asset Class</u>	<u>Asset Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
US Equity	23%	6.31
Non US Equity	15	6.76
Private Equity	13	11.34
Real Estate	8	3.52
Core Plus Fixed Income	28	2.06
Credit Opportunities	5	3.67
TIPS	5	1.92
Other Real Assets	2	6.27
Cash	1	-0.69
Total	100%	

Discount Rate - The discount rate used to measure the total pension liability was 7.5 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the contractually required rate and that contributions from the Commission will be made at contractually required rates, actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Commission's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - The following presents the Commission's proportionate share of the net pension liability calculated using the discount rate of 7.5 percent, as well as what the Commission's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.5 percent) or 1-percentage-point higher (8.5 percent) than the current rate.

	<u>1% Decrease (6.5%)</u>	<u>Discount Rate (7.5%)</u>	<u>1% Increase (8.5%)</u>
City's proportionate share of the net pension liability/(asset)	\$ 1,340,885	\$ 709,661	\$ 176,843

Pension Plan Fiduciary Net Position - Detailed information about the pension plan's fiduciary net position is available in the separately issued IPERS financial report which is available on IPERS' website at www.ipers.org.

Payables to the Pension Plan - At June 30, 2015, the Commission reported payables to the defined benefit pension plan of \$12,777 for legally required employer contributions and \$8,003 for legally required employee contributions which had been withheld from employee wages but not yet remitted to IPERS.

MIDAS REGIONAL PLANNING COMMISSION

NOTES TO FINANCIAL STATEMENTS

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(8) Risk Management

MIDAS Regional Planning Commission is exposed to various risks of loss related to torts, theft, damage to and destruction of assets, errors and omissions, injuries to employees, and natural disasters. These risks are covered by the purchase of commercial insurance. The Commission assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

(9) Economic Dependency

The Commission received 34% of its revenue from pass-through grants from the Department of Transportation for the year ended June 30, 2015. Of the federal awards expended during the year, 49% or \$585,064, was passed down to the Commission from the Iowa Department of Transportation for operating and capital purposes.

The Commission had 43% or \$508,374 of the federal awards expended during the year that were passed down to the Commission from the City of Fort Dodge for operating and capital purposes.

(10) Dodger Area Rapid Transit (DART) Program

In connection with the Commission's operation of the DART program, expenditures made by the Commission on behalf of DART totaled \$990,400 for the year ended June 30, 2015.

(11) Other Postemployment Benefits (OPEB)

Plan Description. The Commission operates a single-employer retiree benefit plan which provides medical benefits for retirees. There are 7 active and 0 retired members in the plan. Participants must be age 55 or older at retirement.

The medical coverage is administered by Wellmark. Retirees receive the same benefits as active employees. Since the retiree contributes the entire premium payment, the Commission does not have an explicit subsidy. Retirees under age 65 pay the same premium for the medical benefit as active employees, which results in an implicit subsidy. The implicit subsidy results in an OPEB liability.

Funding Policy. The contribution requirements of plan members are established and may be amended by the Commission. The Commission currently finances the retiree benefit plan on a pay-as-you-go basis.

Annual OPEB Cost and Net OPEB Obligation. The Commission's annual OPEB cost is calculated based on the annual required contribution (ARC) of MIDAS, an amount actuarially determined in accordance with GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years.

The following table shows the components of the Commission's annual OPEB cost for the year ended June 30, 2015, the amount actually contributed to the plan and changes in the Commission's net OPEB obligation:

MIDAS REGIONAL PLANNING COMMISSION

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June 30, 2015

	Total
Annual required contribution	\$ 6,202
Interest on net OPEB obligation	-
Adjustment to annual required contribution	-
Annual OPEB cost	6,202
Estimated annual employer contribution for pay-go cost	(200)
Net OPEB obligation beginning of year	17,881
Net OPEB obligation end of year	\$ 23,883

For calculation of the net OPEB obligation, the actuary has set the transition day as July 1, 2012. The end of year net OPEB obligation was calculated by the actuary as the cumulative difference between the actuarially determined funding requirements and the actual contributions for the year ended June 30, 2015.

For the year ended June 30, 2015, the Commission contributed approximately \$64,000 to the medical plan. Plan members did not contribute any of the cost of the benefits.

The Commission's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation as of June 30, 2015, 2014 and 2013 are summarized as follows:

Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2015	\$ 6,202	100%	\$ 23,883
June 30, 2014	6,202	100%	17,881
June 30, 2013	6,202	100%	11,879

Funded Status and Funding Progress. As of July 1, 2012, the most recent actuarial valuation date for the period July 1, 2012 through June 30, 2013, the actuarial accrued liability was \$33,513, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$33,513. The covered payroll (annual payroll of active employees covered by the plan) was approximately \$394,000 and the ratio of the UAAL to covered payroll was 8.4%. As of June 30, 2015 there were no trust fund assets.

Actuarial Methods and Assumptions. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the health care cost trend. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information in the section following the Notes to Financial Statements, will present multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Projections of benefits for financial reporting purposes are based on the plan as understood by the employer and the plan members and include the types of benefits provided at the time of each valuation

MIDAS REGIONAL PLANNING COMMISSION

NOTES TO FINANCIAL STATEMENTS

June 30, 2015

and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

As of the July 1, 2012 actuarial valuation date, the alternate measurement method was used. The actuarial assumptions include a 4% discount rate based on the Commission's funding policy. The projected annual medical trend rate is 9%. The ultimate medical trend rate is 5%. The medical trend rate is reduced 0.5% each year until reaching the 5% ultimate trend rate.

Mortality rates are from the RP2000 Combined Mortality Table, applied on a gender-specific basis. Annual retirement and termination probabilities were developed based on national averages.

(12) Accounting Change/Restatement

Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions – an Amendment of GASB No. 27* was implemented during fiscal year 2015. The revised requirements establish new financial reporting requirements for state and local governments which provide their employees with pension benefits, including additional note disclosures and required supplementary information. In addition, GASB No. 68 requires a state or local government employer to recognize a net pension liability and changes in the net pension liability, deferred outflows of resources and deferred inflows of resources which arise from other types of events related to pensions. During the transition year, as permitted, beginning balances for deferred outflows of resources and deferred inflows of resources will not be reported, except for deferred outflows of resources related to contributions made after the measurement date of the beginning net pension liability which is required to be reported by Governmental Accounting Standards Board Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. Beginning net position for governmental and business type activities were restated to retroactively report the beginning net pension liability and deferred outflows of resources related to contributions made after the measurement date, as follows:

	Governmental Activities	Business Type Activities
Net Position June 30, 2014 as previously reported	\$ 1,783,540	\$ 1,987,912
Net pension liability at June 30, 2014	(181,126)	(848,738)
Change in outflows of resources related to contributions made after the June 30, 2013 measurement date	<u>18,386</u>	<u>86,172</u>
Net position July 1, 2014, as restated	<u>\$ 1,620,800</u>	<u>\$ 1,225,346</u>

Required Supplementary Information

MIDAS REGIONAL PLANNING COMMISSION
Schedule of the Commission's Proportionate Share of the Net Pension Liability

Iowa Public Employees' Retirement System
Last Fiscal Year*

Required Supplementary Information

	<u>2015</u>
Commission's proportion of the net pension liability	0.017894%
Commission's proportionate share of the net pension liability	709,661
Commission's covered-employee payroll	1,182,121
Commission's proportionate share of the net pension liability as a percentage of its covered-employee payroll	60.03%
Plan fiduciary net position as a percentage of the total pension liability	87.61%

* The amounts presented for each fiscal year were determined as of June 30

See accompanying independent auditors report.

Note: GASB Statement No. 68 requires ten years of information to be presented in this table. However, until a full 10-year trend is compiled, the Commission will present information for those years for which information is available.

MIDAS REGIONAL PLANNING COMMISSION

Schedule of Commission Contributions

Iowa Public Employees' Retirement System Last 10 Fiscal Years

Required Supplementary Information

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Statutorily required contribution	\$ 105,024	\$ 104,572	\$ 102,012	\$ 96,138
Contributions in relation to the statutorily required contribution	<u>105,024</u>	<u>104,572</u>	<u>102,012</u>	<u>96,138</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered-employee payroll	1,176,083	1,171,019	1,176,609	1,191,301
Contributions as a percentage of covered-employee payroll	8.93%	8.93%	8.67%	8.07%

See accompanying independent auditor's report.

<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
\$ 98,621	\$ 94,784	\$ 87,828	\$ 78,741	\$ 71,571	\$ 68,711
<u>98,621</u>	<u>94,784</u>	<u>87,828</u>	<u>78,741</u>	<u>71,571</u>	<u>68,711</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
1,419,007	1,425,323	1,383,118	1,301,504	1,244,713	1,194,974
6.95%	6.65%	6.35%	6.05%	5.75%	5.75%

MIDAS REGIONAL PLANNING COMMISSION

Notes to Required Supplementary Information- Pension Liability

Year ended June 30, 2015

Changes of benefit terms:

Legislation passed in 2010 modified benefit terms for current Regular members. The definition of final average salary changed from the highest three to the highest five years of covered wages. The vesting requirement changed from four years of service to seven years. The early retirement reduction increased from 3 percent per year measured from the member's first unreduced retirement age to a 6 percent reduction for each year of retirement before age 65.

In 2008, legislative action transferred four groups – emergency medical service providers, county jailers, county attorney investigators, and National Guard installation security officers – from Regular membership to the protection occupation group for future service only.

Benefit provisions for sheriffs and deputies were changed in the 2004 legislative session. The eligibility for unreduced retirement benefits was lowered from age 55 by one year each July 1 (beginning in 2004) until it reached age 50 on July 1, 2008. The years of service requirement remained at 22 or more. Their contribution rates were also changed to be shared 50-50 by the employee and employer, instead of the previous 40-60 split.

Changes of assumptions:

The 2014 valuation implemented the following refinements as a result of a quadrennial experience study:

- Decreased the inflation assumption from 3.25 percent to 3.00 percent
- Decreased the assumed rate of interest on member accounts from 4.00 percent to 3.75 percent per year.
- Adjusted male mortality rates for retirees in the Regular membership group.
- Reduced retirement rates for sheriffs and deputies between the ages of 55 and 64.
- Moved from an open 30 year amortization period to a closed 30 year amortization period for the UAL beginning June 30, 2014. Each year thereafter, changes in the UAL from plan experience will be amortized on a separate closed 20 year period.

The 2010 valuation implemented the following refinements as a result of a quadrennial experience study:

- Adjusted retiree mortality assumptions.
- Modified retirement rates to reflect fewer retirements.
- Lowered disability rates at most ages.
- Lowered employment termination rates
- Generally increased the probability of terminating members receiving a deferred retirement benefit.
- Modified salary increase assumptions based on various service duration.

The 2007 valuation adjusted the application of the entry age normal cost method to better match projected contributions to the projected salary stream in the future years. It also included in the calculation of the UAL amortization payments the one-year lag between the valuation date and the effective date of the annual actuarial contribution rate.

The 2006 valuation implemented the following refinements as a result of a quadrennial experience study:

- Adjusted salary increase assumptions to service based assumptions.
- Decreased the assumed interest rate credited on employee contributions from 4.25 percent to 4.00 percent.
- Lowered the inflation assumption from 3.50 percent to 3.25 percent.
- Lowered disability rates for sheriffs and deputies and protection occupation members.

MIDAS REGIONAL PLANNING COMMISSION

SCHEDULE OF FUNDING PROGRESS FOR THE
RETIREE HEALTH PLAN
(In Thousands)

Required Supplementary Information

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (b)	Unfunded AAL (UAAL) (c)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll (b-a)/c
June 30, 2015	-0-	\$ 33	\$ 33	0.00%	\$ 394	8.4%
June 30, 2014	-0-	\$ 33	\$ 33	0.00%	\$ 380	8.7%
June 30, 2013	-0-	\$ 33	\$ 33	0.00%	\$ 375	8.8%
June 30, 2012	-0-	\$ 107	\$ 107	0.00%	\$ 1,214	8.8%
June 30, 2011	-0-	\$ 107	\$ 107	0.00%	\$ 1,441	7.4%

See Note 12 in the accompanying Notes to Financial Statements for the plan description, funding policy, annual OPEB Cost and net OPEB Obligation, funded status and funding progress.

Supplementary Information

MIDAS REGIONAL PLANNING COMMISSION

Supplemental Balance Sheet - Dodger Area Rapid Transit (DART)
Year Ended June 30, 2015**Assets**

Cash	\$ 100
Accounts receivable, net of allowance	54,802
Property, plant and equipment	
Other equipment	7,302
Total assets	<u>62,204</u>

Deferred Outflows of Resources

Pension related deferred outflows	<u>64,428</u>
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Liabilities

Accounts payable	20,192
Accrued payroll and payroll taxes	36,958
Accrued vacation	25,519
Noncurrent liabilities	
Due in more than one year:	
Net pension liability	314,412
Total liabilities	<u>397,081</u>

Deferred Inflows of Resources

Pension related deferred inflows	<u>133,429</u>
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Net Ppsition

Unrestricted	<u>(403,878)</u>
Total net position	<u><u>\$ (403,878)</u></u>

See accompanying independent auditor's report

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2015

Federal Grantor/Pass-through Grantor Title	CFDA Number	Pass-through Grantor Number	Federal Expenditures
U.S Department of Commerce			
Direct Programs			
Economic Development Support for Planning Organizations	11.302		\$ 61,000
Total U.S. Department of Commerce			<u>61,000</u>
U.S Department of Transportation			
Pass-through programs from:			
State of Iowa Department of Transportation			
Bus and Bus Facilities Formula Program	20.526	34-0003-050-13	92,132
Non-urban Operating Assistance Project	20.509	18-0031-050-15	397,383
Intercity Bus Assistance Project	20.509	TF-2014	6,318
Federal Capital Grant	20.509	85-0034-050-13	32,127
State Planning and Research Formula Grant	20.515	14RPA-05	16,628
State Planning and Research Formula Grant	20.515	15RPA-05	40,476
			<u>585,064</u>
Elderbridge Agency for the aging			
Special Programs for the Aging	93.044	B04710	22,720
Special Programs for the Aging	93.044	ES04710-YF15	6,300
			<u>29,020</u>
The City of Fort Dodge, Iowa			
Non-urban Operating Assistance Project	20.509	18-0030-269-15	356,005
Federal Capital Grant	20.509	85-0034-269-13	109,364
Intercity Bus Assistance Project	20.509	ICB CY 14	4,144
Intercity Bus Assistance Project	20.509	ICB CY 15	2,244
Transit Assistance Program	20.509	TF-2014	1,505
Transit Assistance Program	20.529	34-0003-269-14	35,112
			<u>508,374</u>
Total U.S. Department of Transportation			<u>1,122,458</u>
			<u><u>1,183,458</u></u>

Basis of Presentation: The Schedule of Expenditures of Federal Awards includes the federal grant activity of MIDAS Regional Planning Commission and is presented in conformity with the accrual basis of accounting. The information on this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the basic financial statements

See accompanying independent auditor's report.

**Independent Auditor's Report on Internal Control
over Financial Reporting and on Compliance and Other Matters
Based on an Audit of Financial Statements Performed in Accordance with
*Government Auditing Standards***



T.P. ANDERSON & COMPANY, P.C.
CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

Independent Auditor's Report on Internal Control over Financial Reporting
and on Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance with *Government Auditing Standards*

To the Board of Directors of
MIDAS Regional Planning Commission:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, and each major fund of MIDAS Regional Planning Commission (the Commission), as of and for the year ended June 30, 2015, and the related Notes to the Financial Statements, which collectively comprise the Commission's basic financial statements, and have issued our report thereon dated December 1, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Commission's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal control. Accordingly, we do not express an opinion on the effectiveness of the Commission's internal control.

A deficiency in internal control exists when the design or operation of the control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control over financial reporting such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Commission's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance or other matters that are required to be reported under *Government Auditing Standards*.

Comments involving statutory and other legal matters about the Commission's operations for the year ended June 30, 2015 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the Commission. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Commission's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

T.P. Anderson & Company, P.C.

December 1, 2015

**Independent Auditor's Report on Compliance
for Each Major Federal Program and on Internal Control over Compliance
Required by OMB Circular A-133**



T.P. ANDERSON & COMPANY, P.C.
CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

Independent Auditor's Report on Compliance
For Each Major Federal Program and on Internal Control over Compliance
Required by OMB Circular A-133

To the Board of Directors of
MIDAS Regional Planning Commission

Report on Compliance for Each Major Federal Program

We have audited the MIDAS Regional Planning Commission's compliance with the types of compliance requirements described in the United States Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2015. MIDAS Regional Planning Commission's (the Commission) major federal program is identified in the Summary of Auditor's Results, Part 1 of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with requirements of laws, regulations, contracts, and grants applicable to its federal program.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for MIDAS Regional Planning Commission's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Commission's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the Commission's major federal program. However, our audit does not provide a legal determination of the Commission's compliance.

Opinion on Each Major Federal Program

In our opinion, the Commission complied, in all material respects, with types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2015.

Report on Internal Control Over Compliance

Management of MIDAS Regional Planning Commission is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Commission's internal control over compliance with the types of requirements that could have a direct and material effect on its major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Commission's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency or combination of deficiencies in internal control over compliance such that there is a reasonable possibility material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected and corrected on a timely basis. A *significant deficiency* in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However material weaknesses may exist that have not been identified.

Purpose of this Report

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

T.P. Anderson & Company, P.C.

December 1, 2015

MIDAS Regional Planning Commission
Schedule of Findings and Questioned Costs
Year Ended June 30, 2015

Part I: Summary of the Independent Auditor's Results

- (a) Unmodified opinions were issued for the governmental activities, business type activities and each major fund for the MIDAS Regional Planning Commission.
- (b) No material weaknesses in internal control over financial reporting were disclosed by the audit of the financial statements.
- (c) The audit did not disclose any noncompliance which is material to the financial statements.
- (d) No material weaknesses in internal control over compliance with the Commission's major federal program were noted.
- (e) An unmodified opinion was issued on compliance with requirements applicable to the major federal program.
- (f) The audit disclosed no audit findings which were required to be reported in accordance with Office of Management and Budget Circular A-133, Section 510(a).
- (g) The major program for fiscal year ended June 30, 2015 was CFDA# 20.509, Formula Grants for Other Than Urbanized Areas. MIDAS Regional Planning Commission spent \$909,090 under this program during the Year Ended June 30, 2015.
- (h) The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
- (i) MIDAS Regional Planning Commission did not qualify as a low-risk audit.

MIDAS Regional Planning Commission
Schedule of Findings and Questioned Costs
Year Ended June 30, 2015

Part II: Findings Related to the Financial Statements:

INTERNAL CONTROL DEFICIENCIES:

No matters were noted.

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

MIDAS Regional Planning Commission
Schedule of Findings and Questioned Costs
Year Ended June 30, 2015

Part III: Findings and Questioned Costs for Federal Awards:

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

INTERNAL CONTROL DEFICIENCIES:

No material weaknesses in internal control over the major programs were noted.

MIDAS Regional Planning Commission
Schedule of Findings and Questioned Costs
Year Ended June 30, 2015

Part VI: Other Findings Related to Required Statutory Reporting:

- IV-A-15 Questionable Expenditures: No expenditures that we believe may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979 were noted.
- IV-B-15 Travel Expense: No expenditures of MIDAS Regional Planning Commission money for travel expenses of spouses of Commission officials or employees were noted.
- IV-C-15 Business Transactions: No business transactions between the Commission and Commission officials or employees were noted.
- IV-D-15 Board Minutes: No transactions requiring Board approval were noted which had not been approved.
- IV-E-15 Deposits and Investments: No instances of non-compliance with the deposit and investment provisions of Chapter 12B and 12C of the Code of Iowa and the Commission's investment policy were noted.